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Payment policy for inpatient readmissions

ISSUE: Medicare pays hospitals and physicians for readmissions, even those that are the result of poor quality care such as hospital acquired infections and other adverse events. As such, it creates no incentive for providers to invest in the type of care that prevents costly readmissions.

KEY POINTS: This paper explores a policy option to reduce payment for potentially avoidable readmissions. The goal of this option is to encourage providers to make the improvements in care needed to reduce the number of readmissions that result from not following evidence-based care standards or failing to adequately plan for care after discharge and assisting patients in the transition.

ACTION: Commissioners should provide feedback on this option and comment on other aspects of content and tone of this paper.

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